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MASS. ED14.2: R29/3/90/991 ✓

# Board of Regents of Higher Education

1990-1991

## Report of Audit Results and Activities for the Regents Compliance Unit

November 1, 1990 to June 30, 1991

713/20







THE COMMONWEALTH OF MASSACHUSETTS  
BOARD OF REGENTS OF HIGHER EDUCATION

Compliance Unit  
75 Arlington Street, Room 530  
Boston, Massachusetts 02116  
(617) 727-5518

June 28, 1991

To: Senator Patricia McGovern  
Senate Committee on Ways & Means

State Auditor Joseph A. DeNucci  
Office of the Auditor

Inspector General Robert A. Cerasoli  
Office of Inspector General

Chairman Thomas Finneran  
House Committee on Ways & Means

Comptroller William Kilmartin  
Office of the Comptroller

Secretary Peter Nessen  
Executive Office of  
Administration & Finance

Thru: Paul G. Marks *Paul G. Marks*  
Chancellor

From: Joseph J. Casarano *Joseph J. Casarano*  
Director of Compliance Unit

Re: Report of Audit Results and Activities for the Office of  
Compliance

I am pleased to submit herewith the fifth and final Report of Audit Results and Activities for the Office of Compliance as authorized by Chapter 199 of the Acts of 1987. This report summarizes the activities and accomplishments of the Office of Compliance during the eight-month period ended June, 1991.

The work of the Compliance Unit was directed toward assisting all levels of management of the public institutions of higher education and the Regents Office in the discharge of their fiscal responsibilities through the financial and programmatic audits of all accounts administered under the auspices of public higher education. We are also charged with preventing and detecting fraud, waste and abuse in the System's operations and programs.

Recommended activities which need continued oversight appear under Appendix A. Copies of Audit Reports are in Appendix B.

I hope this information will be useful and that the past efforts of the Compliance Unit has been helpful in monitoring higher education expenditures and improve the efficiency and effectiveness of higher education programs.



THE GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE

OFFICE OF THE  
SECRETARY  
DEFENCE  
NEW DELHI

1st May 1947

General Officer Commanding  
The 1st Division  
Lucknow  
U.P.

General Officer Commanding  
The 2nd Division  
Lucknow  
U.P.

For the Secretary

General Officer Commanding  
The 3rd Division  
Lucknow  
U.P.

General Officer Commanding  
The 4th Division  
Lucknow  
U.P.

General Officer Commanding  
The 5th Division  
Lucknow  
U.P.

General Officer Commanding  
The 6th Division  
Lucknow  
U.P.

General Officer Commanding  
The 7th Division  
Lucknow  
U.P.

General Officer Commanding  
The 8th Division  
Lucknow  
U.P.

**APPENDIX A**  
**BOARD OF REGENTS OF HIGHER EDUCATION**  
**OFFICE OF COMPLIANCE**  
**SUMMARY OF AUDIT RESULTS AND ACTIVITIES**  
**NOVEMBER 1, 1990 TO JUNE 30, 1991**





## APPENDIX A

### BOARD OF REGENTS OF HIGHER EDUCATION OFFICE OF COMPLIANCE

#### RECOMMENDED ACTIVITIES FOR CONTINUED OVERSIGHT

- o As noted in previous audit reports, the basic concepts of management: communications, accountability and documentation, were lacking at Roxbury Community College. Our current observations revealed that this is still a major problem at Roxbury Community College and must continue to be addressed by Roxbury Community College's Board of Trustees and the Massachusetts Board of Regents of Higher Education.
- o Roxbury Community College must continue to account for their National Defense Student Loans - Perkins Loan Program. No loans have been issued by Roxbury Community College since 1982, however there is still \$191,756 of principal outstanding as of 4/28/91. Of the 493 borrowers still outstanding, 415 are with a collection agency as part of the "Due Diligence" that is required to be performed by the U.S. Department of Education. Now that the monitoring of the Perkins Loan Program is to be performed by Roxbury Community College and not the Compliance Unit, additional oversight is required to prevent non-compliance with Federal Regulations concerning "Due Diligence". This is a very important task, since non-compliance would jeopardize Roxbury Community College's continued participation in Title IV Financial Aid Programs, along with the immediate payment by Roxbury Community College of all outstanding Perkin Loan Funds to the U.S. Department of Education plus interest and penalties.
- o Oversight in the area of non-appropriated funds (trust funds) must continue. In addition to reviewing the reporting of non-appropriated funds' financial information on a monthly basis to the Comptroller, the review and verification of policies and procedures for establishing, monitoring, spending and reporting of non-appropriated funds for compliance with the "Standards for the Expenditure of Trust Funds" and individual trust fund restrictions is essential to provide information to better understand the special role that non-appropriated funds have in the operations of our campuses, as well as, support the integrity and legitimacy of these funds.
- o Continue audits of the Tuition Retention Program which was established at \$12,000,000 for 1989, growing to \$45,000,000 in 1991 and expected to exceed \$55,000,000 in 1992. The administration of the program lies with the individual institutions under guidelines established by the Board of Regents. In 1988, the Board of Regents adopted regulations governing that portion of tuition revenue to be retained. The





## APPENDIX A (CONT.)

regulations have been amended annually, refining methods and procedures ensuring that:

- \* methods determining the amount credited to the retention accounts are consistent with regulations,
- \* expenditures are consistent with the regulations,
- \* reliable data is obtained, maintained and fairly disclosed, and
- \* procedures established by the Office of the Comptroller for revenue and expense accounting through MMARS are followed.

The administration of the tuition retention program exists in as many formats as there are institutions. Each campus has incorporated the regulations into their own accounting/financial reporting system. Considering that each of the twenty-nine public campuses has a financial reporting system which has been modified to meet its specific needs and that there are three established methods with variables as numerous as there are categories of students used to determine the amount of revenue retained, oversight and review are essential to assure that the integrity and value of this resource is safeguarded.

- o In the area of financial aid, the Compliance Unit has been able to serve as a resource center for each campus within the System of Higher Education, the staff at the Board of Regents and the Office of the State Auditor due to the expertise available within the Compliance Unit, the performance of audits under the Commonwealth's Single Audit effort and the extensive library that has been developed and maintained. Regulations governing Federal Title IV funds require that an audit be performed at least once every two years on each of the 29 campuses within the System of Higher Education. A new resource center should be identified to assist each campus with the handling, awarding and disbursing of federal funds. This resource center should also be able to alert the campuses, in a timely manner, of changes in federal regulations and current audit findings that could impact their handling of federal funds.
- o Continuation of the audits of the Massachusetts Scholarship Programs(\$78,900,000 in 1989; and \$55,600,000 in 1990). Guidelines and procedures were established and the first audit of the Massachusetts General Scholarship program established by Chapter 15A, Section 7, of the General Laws of Massachusetts has been completed.





## APPENDIX A (Cont.)

- o Continue involvement in the implementation of Chapter 647, an Act relative to improving the internal controls within state agencies. Internal control is the plan of organization and methods of procedures adopted by management to ensure that:
  - \* resource use is consistent with laws, regulations and policies,
  - \* resources are safeguarded against waste, loss and misuse, and
  - \* reliable data are obtained, maintained and fairly disclosed in reports.

This area is also receiving national attention. As part of an ongoing private-sector effort to maintain a focus on internal control and improve management processes and financial reporting, the Committee of Sponsoring Organizations of the Treadway Commission has recently released an exposure draft of the Coopers & Lybrand study, "Internal Control-Integrated Framework". The "Internal Control-Integrated Framework" proposes the following definition of internal control: "Internal Control is the process by which an entity's board of directors, management and/or other personnel obtain reasonable assurance as to achievement of specified objectives; it consists of nine interrelated components, with integrity, ethical values and competence, and control environment, serving as the foundation for the other components, which are: establishing objectives, risk assessment, information systems, control procedures, communication, managing change and monitoring." As can be seen by the broad definition being attached to describe the area of internal control, continue oversight is critical to the success of an organization and the ability to assess its effectiveness.



**APPENDIX B**  
**BOARD OF REGENTS OF HIGHER EDUCATION**  
**OFFICE OF COMPLIANCE**  
**AUDIT REPORTS**





APPENDIX B

BOARD OF REGENTS OF HIGHER EDUCATION

OFFICE OF COMPLIANCE

AUDIT REPORTS

SPECIAL PROJECTS (4)

1. To: Walter Howard, President, Roxbury Community College  
Re: Audit of Non-appropriated Funds
2. To: Thomas Welch, Chair, Board of Trustees, Roxbury Community College  
Walter Howard, President, Roxbury Community College  
Re: Audit of Non-appropriated Funds
3. To: Barbara Logan-Stamps, Vice President of Administration and Finance  
Roxbury Community College  
Re: Transition of Responsibility for N.D.S.L. Program
4. To: Barbara Logan-Stamps, Vice President of Administration and Finance  
Roxbury Community College  
Re: Continuation of th Transfer of Responsibility for N.D.S.L. Program

STUDENT FINANCIAL AID (2)

5. To: Margaret A. McKenna, President, Lesley College  
Re: Pilot School for Audit of Massachusetts State Scholarship Program
6. To: Margaret A. McKenna, President, Lesley College  
Re: Audit of Lesley College Records for the Massachusetts General  
Scholarship Program Established by Chapter 15A, Section 7, of the  
General Laws of Massachusetts

TUITION RETENTION AUDITS (11)

7. To: Eileen Farley, President, Bristol Community College  
Re: Tuition Retention Program
8. To: Carole Cowen, President, Middlesex Community College  
Re: Tuition Retention Program



APPENDIX B (CONT.)

TUITION RETENTION AUDITS (Cont.)

9. To: Adrian Tinsley, President, Bridgewater State College  
Re: Tuition Retention Program
10. To: Piedad F. Robertson, President, Bunker Hill Community College  
Re: Tuition Retention Program
11. To: Roger Van Winkle, President, Massachusetts Bay Community College  
Re: Tuition Retention Program
12. To: John R. Dimitry, President, Northern Essex Community College  
Re: Tuition Retention Program
13. To: Clifford Peterson, President, Quinsigamond Community College  
Re: Tuition Retention Program
14. To: Joseph P. Duffy, President, University of Massachusetts  
Re: Tuition Retention Program
15. To: Gerald F. Burke, President, Massasoit Community College  
Re: Tuition Retention Program
16. To: William F. O'neil, President, Massachusetts College of Art  
Re: Tuition Retention Program
17. To: William T. Hogan, President, University of Lowell  
Re: Tuition Retention Program





AUDIT REPORT

ITEM 1

To: Walter Howard, President, Roxbury Community College

From: Joseph Casarano, Director, Office of Compliance *Joseph Casarano*

Re: Audit of Non-appropriated Funds

Date: May 6, 1991

Based upon our discussions involving the absence of prior or subsequent approval of certain expenditures from Roxbury Community College's non-appropriated funds by Roxbury Community College's Board of Trustees, the Board of Regent's Compliance Unit is initiating a review. A mutually acceptable starting date of May 7, 1991 has been scheduled. The review will cover the period from July 1, 1990 to the present.

Our review will ascertain compliance with policies and procedures established at Roxbury Community College for the expenditure of non-appropriated funds in conjunction with the Standards For The Expenditures Of Trust Funds, adopted May 9, 1989 and revised June 16, 1990 by the Board of Regents.

Thank you for the assistance and cooperation promised. Preliminary results of my review will be discussed regularly with management. At the end of my review, a draft report will be provided to you for your review and written response. A formal exit conference will be held to discuss your written comments on the draft report. A final report will be issued after taking into consideration all management comments.

CC: J. Kirby  
B. Logan-Stamps  
P. Marks

## AUDIT REPORT

### ITEM 2

To: Thomas Welch, Chair, Board of Trustees, Roxbury Community College  
Walter Howard, President, Roxbury Community College

From: Joseph Casarano, Director, Office of Compliance *Joseph Casarano*

Re: Audit of Non-appropriated Funds

Date: June 28, 1991

#### BACKGROUND:

In my letter of May 6, 1991, I outlined the scope of my review and the procedures that would be followed for my review at Roxbury Community College(RCC). My review started on Tuesday, May 7, 1991. By 12:00 p.m., after discussions with various Business Office Personnel, a preliminary review of the accounting records, and receipt of a letter dated May 6, 1991 from Walter Howard, I concluded that I could not continue my review of non-appropriated funds.

At 3:00 p.m. on Tuesday, May 7, 1991, a meeting was held in RCC's conference room. In attendance was Joseph Casarano and Deborah Spearman from the Board of Regents' Office of Compliance; Walter Howard, Barbara Logan-Stamps and Todd Bausley from Roxbury Community College and two members from the staff of Coopers and Lybrand, Certified Public Accounting Firm.

At this meeting, I summarized the problems that were encountered and my recommendation for the suspension of the review of non-appropriated funds at RCC. I also indicated that the review of the President's compensation and travel expenditures was continuing and would be reported on separately. Some of my concerns were not new to RCC's administration and I was told that plans were already in process to address them. It was concluded that after the appropriate exit conferences, I would proceed with the issuances of a report on my recommendation for suspension of the review of RCC's non-appropriated funds. The problems identified are as follows:

#### OBSERVATIONS:

- 1) RCC's administration was not following RCC's "Non-Appropriated Fund Management Policy" dated April 7, 1989 and approved at the Board of Trustees Meeting on April 19, 1989.



OBSERVATIONS (Cont.)

- 2) RCC's administration is not operating under the minimum standards issued by the Board of Regents under "Standards For the Expenditure of Trust Funds" adopted 5/6/89 and revised 6/16/90 by the Board of Regents and distributed to all Public College and University Presidents, Chancellors and Chief Fiscal Officers.
- 3) A review of bank account #320026104, Division of Extended Education, and bank account #320035412, General Disbursement Account, both at the Shawmut Bank, indicate that the last bank account reconciliation was performed for statement dated 1/31/91. A closer review of the bank reconciliations revealed that the individual who performed the bank reconciliations did not apply standard bank reconciliation steps, consequently, the bank reconciliations performed would not accomplish its intended purpose. When I asked the supervisor if a review was performed of the clerk's bank reconciliation efforts, the response was yes, but the supervisor also responded that he also did not know how to properly perform a bank reconciliation.
- 4) Another RCC employee had recently been assigned the responsibility for reconciling the same bank account #320035412, General Disbursement Account, for fiscal year 1991. This employee decided not to create monthly bank reconciliations but to reconstruct the entire year-to-date. However, the employee did not use all the activity to date and the attempted reconstruction would not be able to accomplish its intended purpose.
- 5) A further review of bank account #320035412, General Disbursement Account, revealed that Federal Financial Aid Title IV funds were directly deposited into the General Disbursement account, a violation of Title IV regulations. Federal regulations call for Title IV Funds to be deposited in a separate bank account, clearly identified as Federal Funds, prior to disbursement.

OBSERVATIONS (Cont.)

- 6) A review of a nine month report prepared by RCC's Business Office summarizing the Division of Continuing Education's (DCE) operations started with a bank balance from account #320026104 as of July 1, 1990. Expenditures and deposits were listed by date and a bank balance was computed daily. However, a preliminary review showed that a number of large dollar expenditures appearing on this report were not made from account #320026104, but from account #320035412, the General Disbursement Account. Consequently, the bank balances per this report did not represent cash balances per account #320026104, Division of Continuing Education.
- 7) Also, this report highlighted expenditures that were not directly related to the DCE operations. These expenditures cannot be evaluated because of the lack of adherence to policy and procedures relating to the expenditure of non-appropriated funds at RCC as noted in the above first two observations.
- 8) An attempt was made to obtain a fiscal year 1991 budget and a report of expenditures for the DCE operations from the RCC officials directly responsible for the day-to-day operations of the DCE program. The response from the three employees contacted: Vice President for Academic Affairs, Assistant Vice President for Academic Affairs, and Assistant to the Vice President for Academic Affairs, was the same: that there was no budget and they do not have monthly revenue and expenditure reports.
- 9) A cursory review of other bank accounts revealed that excess Massachusetts State Scholarship funds, approximately \$140,000, dating back to fiscal year 1988/89, still remain at RCC when the funds should have been returned to the Massachusetts State Scholarship Office in accordance to General Scholarship Guidelines.



CONCLUSION:

On July 26, 1988, a Special Task Force was requested by the Board of Trustees of Roxbury Community College to assist in the fiscal operations of the College. It was staffed by the Regent's Compliance Unit and representatives from the Commonwealth's Office of the Auditor. This assistance lasted one year and culminated in a report listing their observations and recommendations. In summary, the report noted that the basic concepts of management: communications, accountability and documentation, were lacking at Roxbury Community College. The current observations noted in this report are similar to the past observations and must be addressed immediately.

RECOMMENDATION:

We recommend that RCC's Board of Trustees and President develop a plan to address the above issues. This plan should include the specifics of what actions are to be taken, person/persons responsible, and the estimated date of completion.

AUDITEES' RESPONSES:

Responses from RCC's administration and RCC's Board of Trustees addressing the above observations have been received by the Board of Regents' Office of Compliance. Interested parties may obtain RCC's responses directly from the respective RCC representative.

cc: J. Kirby  
B. Logan-Stamps  
P. Marks  
A. Sheppard

## AUDIT REPORT

### ITEM 3

To: Barbara Logan-Stamps, Roxbury Community College  
Vice President of Administration and Finance

Thru: Joseph J. Casarano  
Director of Compliance Unit *Joseph J. Casarano*

From: Deborah Spearman  
Compliance Unit, Program Auditor *Deborah Spearman*

Date: May 31, 1991

Subject: Transition of Responsibility for N.D.S.L. Portfolio

The reorganization of Higher Education necessitates that the Compliance Unit return the National Defense Student Loans (N.D.S.L.) portfolio, now identified as Perkins Loans, to Roxbury Community College (RCC) for servicing. Preparing now should make the transition of responsibility for the portfolio easier.

My goal during the past two years has been threefold:

- o Collect as much as possible of the balance due.
- o Bring all accounts into compliance with the "Due Diligence Regulations" of the Federal Government.
- o Assign as many accounts back to the Department of Education as possible after bringing the accounts into compliance with "Due Diligence". When the Department of Education accepts an account for assignment the Department accepts responsibility for the dollars assigned thus reducing the liability of the College.

The first two goals have been accomplished. Getting to the point of being able to assign accounts has taken longer than anticipated. At the next assignment period, which starts July 1, 1991, RCC should submit the first loans for assignment consideration to the Department of Education.

#### Portfolio Balance:

Principal as of 4-28-91 is \$191,756.05 plus interest of \$60,078.84, see Exhibit C.

The principal outstanding should be regarded as the minimum liability faced by Roxbury Community College. The Department of Education could also require that the interest earned be paid back as well as levy fines.



### The Assignment Process:

The regulations governing the submission of accounts for assignment are strict and must be followed to the letter of the law or the loans will be rejected. The paper work required to submit a loan is overwhelming and time consuming. Besides the cost of photo copying of documents, history reports will have to be requested from First Wachovia Student Financial Services. Each history report cost one dollar. First Wachovia must be notified so that all billing and interest charges stop and then monthly reports on attempted assignments will be generated. The reports then have to be updated when the accounts are accepted or rejected.

The above is just a brief summary of the assignment process. Details on the Assignment process for both Wachovia and the Department of Education will be turned over to RCC along with all material gathered by the Compliance Unit over the past two years.

### Collection Agency Interface:

During May, 1991, any account that was not up-to-date on payments was submitted for collection.

Skiptracing is still being handled in-house due to cost of having extensive skiptracing done by an outside agency.

Collection Agency interface is still extensive:

- o Request for information from the Collection Agency (copies of promissory notes and cancelled checks) are being handled as required.
- o Preparation of accounts for legal process.
- o If borrowers are located and were entitled to cancellations according to program guidelines, requests for cancellation are being honored and processed.

### Personnel needed:

The handling of the N.D.S.L. accounts will require the services of one person devoting between 10 to 15 hours per week.

The candidate selected should be able to communicate with:

- o irate borrowers,
- o lawyers representing borrowers,
- o credit bureaus,
- o banks,
- o First Wachovia the servitor for RCC, and
- o Delta Management - the current collection agency.



Exhibits A and B:

- o Exhibit A is a complete listing of materials to be given to RCC.
- o Exhibit B is a listing of name, address, telephone number, program number, account numbers and contacts for the Servitor, Collection Agency, I.R.S. and Banks.

Please call with the day and time that R.C.C. will be picking up the two file cabinets at the Compliance Unit's office. All material should be removed from the Compliance Unit's Office prior to June 14, 1991. I will be available to assist the college on a part-time basis until June 30, 1991.

Thank you in advance for your prompt attention to this matter.

CC: Dr. Howard  
Dr. Sheppard  
T. Welch  
P. Marks

## Exhibit A

### N.D.S.L. Materials To Be Turned Over To RCC

When I began this project I had one small storage box of material. The one box has expanded to include two file cabinets and numerous binders.

#### Filing cabinet #1 contains:

##### Drawer #1:

- o Memos and letters to First Wachovia.
- o Memos and letters to Delta Management.
- o Accounting reports.
- o Contract covering credit bureau reporting with Wachovia.
- o Contract with Delta Management.
- o Skiptracing information.
- o Safeguard Procedures that must be filed yearly with the I.R.S. during August.
- o Cancelled checks - 1974 to 1977 only.
- o Promissory notes that can not be matched up.

##### Drawers #2, #3 and #4:

- o Contain all the borrower files, filed by Social Security Number.
- o Files contain the promissory notes if available. In some cases, the borrowers old financial aid folder is also included.
- o The bottom drawer contains Wachovia forms for various services.

#### File cabinet #2 contains:

##### Drawer #1:

- o Old records containing information regarding N.D.S.L. payments. These files are in alphabetical order. I have used these forms to find the total financial aid awarded to students and the checks numbers involved. These records are by no means complete.

##### Drawer #2:

- o Contains the files that are being prepared for assignment and the legal account both in alphabetical order.

##### Drawers #3 and #4:

- o Will be loaded with various ledgers and manuals including First Wachovia Operation's manual.
- o Binders with accounting reports from First Wachovia.
- o Some very old ledgers that I have used at various times to track down miscellaneous requests.

Exhibit B

N.D.S.L. INFORMATION

SERVITOR:

FIRST WACHOVIA STUDENT FINANCIAL SERVICES  
P. O. BOX 3176  
WINSTON-SALEM, N.C. 27102

CUSTOMER SERVICE REP. GUELDA SMITH  
1-919-896-2362

PROGRAM NO. 30425 SCHOOL NO. 1308

FUNDS ARE DEPOSITED INTO:

WACHOVIA BANK & TRUST  
P.O. BOX 3099  
WINSTON-SALEM, N.C. 27150

ACCOUNT NO. 8734-076960

LOCAL TRANSFER ACCOUNT--USED TO RETURN FUNDS TO THE DEPARTMENT:

FIRST NATIONAL BANK OF BOSTON

ACCOUNT No. 603-52969

COLLECTION AGENCY:

DELTA MANAGEMENT ASSOCIATION INC.  
P.O. BOX 380  
REVERE, MA. 02151

TELEPHONE NUMBER: (617) 289-9721

CONTACT: VINCENT PALMA

WACHOVIA ASSIGNED NO. 01036

FOR I.R.S. SKIPTRACING:

GSL/NDSL SKIPTRACING  
P.O. BOX 4132  
IOWA CITY, IOWA 52244-4132

RCC ASSIGNED SCHOOL NO. 1931

TELEPHONE: (319) 339-6427



Exhibit C

N.D.S.L. UPDATE 5-30-91

July 1, 1990 to April 28, 1991:

Collections - principal = \$10,845.89; interest = \$4,039.74.

Cancellations - principal = \$1,095.50; interest = \$313.85.

Start of project:

Total original borrowers: 749; total number of loans: 755.

Total original amount loaned: \$267,244.70.

Results as of 4-30-91:

256 borrowers' loans have been satisfied\*\*: principal = \$75,498.65.

493 borrowers' loans remain due: principal = \$191,756.05.

25 borrowers are paying regularly.

415 borrowers are with the collection agency, a necessary step in order to satisfy due diligence procedures

40 borrowers have been returned as uncollectable and assignment should be attempted during the next Assignment Period which starts July 1, 1991:  
Principal = \$10,631.97.

10 borrowers have been processed for legal action: principal = \$4,100.

3 borrowers have been identified as deceased: cancellation of loan principal is possible if death certificates can be located: principal = \$935.00.

\*\*loan obligation either cancelled due to death, teaching, disability, bankruptcy or payment.



## AUDIT REPORT

### ITEM 4

To: Barbara Logan-Stamps, Roxbury Community College  
Vice President of Administration and Finance

Thru: Joseph J. Casarano  
Director of Compliance Unit *Joseph J. Casarano*

From: Deborah Spearman  
Compliance Unit, Program Auditor *Deborah Spearman*

Date: June 27, 1991

Subject: Continuation of the Transfer of Responsibility for the  
N.D.S.L. Portfolio

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As a follow-up to the Compliance Unit's May 31, 1991 audit report, Todd L. Bausley, Accounting Systems Analyst, called to schedule the pick up of the two filing cabinets of National Defense Student Loans (N.D.S.L.) now identified as Perkins Loans, from the Office of Compliance, and to arrange a meeting for Tuesday June 25, 1991 on the work involved in accounting for RCC's N.D.S.L. Portfolio.

The two filing cabinets of N.D.S.L. material were picked up at the Office of Compliance on June 24, 1991.

On June 25, 1991, a meeting took place in R.C.C. Conference Room #204 to discuss the accounting required to manage the N.D.S.L. Portfolio. In attendance at the meeting were the following RCC staff members: Clinton Butts, Quinton Wilder, and Angel Urena.

During the two hour meeting I tried to transfer the knowledge I had gained during the time I managed RCC's N.D.S.L. Portfolio. The areas emphasized were as follows:

- o First Wachovia Student Financial Services provides the data processing, accounting, reporting and banking services required to account for the N.D.S.L. Portfolio. First Wachovia invoices for services render must be paid as received. RCC's account with First Wachovia is now seriously past due. RCC's May 31, 1991 statement shows a balance due of \$1987.33. I was informed by First Wachovia that RCC's June 30, 1991 reports and all future reports will be held until RCC's account is current.

AREAS EMPHASIZED (CONT.):

- o Status of selected student accounts were reviewed.
- o The necessity of responding in a timely manner to requests for information from First Wachovia and Delta Management, the Collection Agent.
- o The bank account at the Bank of Boston, Account #603-52969, is strictly a transfer account. The current balance of \$100 is to remain in the account as a reminder not to terminate the account. The purpose of this account is to receive funds collected by First Wachovia which in turn are to be refunded to the Department of Education.

If you have any other questions, please do not hesitate to contact the Compliance Unit.

cc: W. Howard  
P. Marks  
A. Sheppard  
T. Welch

AUDIT REPORT

ITEM 5

March 8, 1991

Margaret A. McKenna, President  
Lesley College  
29 Everett Street  
Cambridge, Mass. 02138

Dear President McKenna:

Thank you for your willingness to be a pilot school for the first compliance audit of Massachusetts State Scholarship Program to be conducted by the Massachusetts Board of Regents of Higher Education, Office of Compliance.

The purpose of the audit is to examine the records of Lesley College with regard to the Massachusetts State Scholarship Program for the fiscal year 1990, so as to ensure that they are in accordance with the standards as set forth in the General Scholarship Procedures.

The audit will be conducted by a member of my staff. A mutually acceptable starting date of March 26, 1991, has been scheduled with Duane Quinn. A copy of our objectives and audit scope are included.

If you require any further information, please contact me or Deborah Spearman Program Auditor, at (617) 727-5518.

Sincerely,



Joseph J. Casarano

Director, Office of Compliance

Enclosure

cc: Board of Regents (P. Marks; P. Mitchell; E. Fontaine)  
D. Quinn



MASSACHUSETTS BOARD OF REGENTS OF HIGHER EDUCATION

MASSACHUSETTS STATE SCHOLARSHIP PROGRAM

AUDIT OBJECTIVES

- o To ensure that reasonable internal controls, and procedures have been established by the institution for administration of the Scholarship Program.
- o To ensure that the Massachusetts State Scholarship funds are being disbursed in accordance with Scholarship Program Guidelines.

AUDIT SCOPE

WHAT WILL BE REVIEWED

- o General Eligibility guidelines
- o Residence of recipients.
- o Verification is complete.
- o Recipients are full time students.
- o Recipient is making Satisfactory Process.
- o Method used to ensure that eligibility is checked prior to disbursement of Scholarship funds.
- o Disbursements of Scholarship funds are promptly processed.
- o Refunds to the Scholarship Office are handled in a timely manner.
- o Student accounts are appropriately credited.
- o Discrepancies between the Scholarship Office records and the Institutions records are reconciled on a timely basis.



AUDIT REPORT

ITEM 6

April 29, 1991

To: Margaret A. McKenna, President  
Lesley College

Elizabeth K. Fontaine, Director  
Massachusetts Board of Regents, Scholarship Office

From: Joseph Casarano, Director *Joseph Casarano*  
Massachusetts Board of Regents, Compliance Unit

Re: Audit of Lesley College Records for the Massachusetts General  
Scholarship Program established by Chapter 15A, Section 7, of  
the General Laws of Massachusetts.

The Compliance Unit is pleased to report the results of the first audit of the Massachusetts General Scholarship Program. The willingness of Lesley College to serve as a pilot school was invaluable to this project. The assistance and courtesy extended by F. Duane Quinn, Director of Financial Aid and Catherine Murphy, Assistant Director of Financial Aid, was greatly appreciated.

Our audit covered fiscal year 1990 and included:

- o Recipient Eligibility Guidelines
- o Method Used to Ensure Eligibility
- o Disbursement of Funds
- o Refunds to Massachusetts State Scholarship Office

Conclusion:

Based upon the review performed, Lesley College has established reasonable internal controls and procedures for the administration of the Massachusetts General Scholarship Program. Also, fiscal year 1990 General Scholarship Program funds were disbursed in accordance with General Scholarship Guidelines. See Exhibit A for detailed audit results and comments.

Enclosure

cc: Board of Regents (P. Marks; P. Mitchell) D. Quinn

## Exhibit A

### Lesley College

#### Audit of Massachusetts General Scholarship Program

Auditor: Deborah Spearman, Program Auditor

Exit Conference: April 24, 1991

Exit Conference Attendees: D. Quinn, J. Casarano, D. Spearman

#### Population:

The Massachusetts General Scholarship Program assisted 124 students at Lesley College. The total disbursement was \$296,650.

#### Recipient Eligibility Guidelines:

A selection of 20 of the 124 recipients who received Massachusetts General Scholarship funds were examined for general eligibility requirements. There were no exceptions with regard to the requirement of being a Massachusetts resident and a full-time student. Also, recipients met all required general eligibility requirements necessary for Federal Title IV programs.

#### Method Used to Ensure Eligibility:

Lesley College's policy is to complete 100% validation of all financial aid applicants prior to awarding aid. No exceptions were found with regard to verification of financial aid applicants.

#### Disbursement of Funds to Students:

Massachusetts General Scholarship Program funds were promptly disbursed and student accounts were properly credited.

#### Refunds to Scholarship Office:

Refunds to the Board of Regents Scholarship Office were handled in a timely manner.



AUDIT REPORT

ITEM 7

June 25, 1991

Eileen Farley, President  
Bristol Community College  
777 Elsbree St.  
Fall River, MA 02720

Dear President Farley:

We have completed our review of Bristol Community College's Tuition Retention Program for the period July 1, 1989 to June 30, 1990.

The purpose of our review was to determine whether the methodology and operating procedure relative to Chapter 240 of the Acts of 1989, Tuition Retention, are being executed in accordance with regulation as prescribed by the Commonwealth of Massachusetts Board of Regents of Higher Education.

Our review procedure consisted of the following as they relate to Tuition Retention:

1. Study and evaluate methods used for reporting:
  - a. Receipts and Revenues
  - b. Expenditures
2. Review of records to evaluate their completeness and accuracy in recognizing earned retained revenues.
3. Review the implementation of prior year audit findings.
4. Other tests of the college's compliance with applicable laws and regulations that may have a material affect on tuition retention.

Conclusion:

Based on our review, Bristol Community College with the exception of understating tuition retention by \$14,699, maintains a system of recording and reporting tuition retention which conforms with the Board of Regents Regulations. See attached Exhibit I for detailed audit results and comments.

Sincerely,

*Joseph J. Casarano*  
Joseph J. Casarano  
Director, Compliance Unit

cc: R. Sobel  
C. Ribeiro  
P. Marks  
Board of Regents



EXHIBIT I

BRISTOL COMMUNITY COLLEGE

AUDIT RESULTS AND COMMENTS

Field Auditor: James Sampson, S/A, Compliance Unit  
Audit Scope: Fiscal Year 1990 Tuition Retention Dollars  
Exit Conference Date: June 18, 1991  
Exit Conference Attendees: R. Sobel, S. Sullivan, J. Sampson

A. Tuition Receipts:

Total tuition retention dollars credited by the college in Fiscal Year 1990 was \$240,000 on tuition dollars collected and deposited with the Treasurer of the Commonwealth in Fiscal Year 1990 of \$1,646,584.

B. Tuition Retention Calculation:

A computer programmed specific identification method was used by the college to calculate tuition retention. The actual tuition retention earned as computed by the Compliance Unit was \$254,699 an understatement of \$14,699. The difference was caused by an error in the computer program relative to Board of Regent's Tuition Waivers.

RECOMMENDATION:

We recommend that the college make an adjustment to the tuition retention account in fiscal year 1992, to recognize the understated income of \$14,699 identified in our review. We also recommend that the program used to calculate tuition retention be modified to properly account for Board of Regent's Tuition Waivers.

C. Reporting Requirements:

Our review of the college's reporting requirement noted that procedures were adequate.

D. Board Approval:

Our review noted that the required Board of Trustees approval was obtained.

E. Prior Audit Findings:

The late filing of spending plans noted in the Compliance Unit Audit of F/Y 89 was satisfactorily addressed in Fiscal Year 1990, spending plans for Fiscal Year 1990 were timely submitted to the Board of Regents.

# AUDIT REPORT

## ITEM 8

June 4, 1991

Carole Cowen, President  
Middlesex Community College  
Springs Road  
Bedford, MA 01730

Dear President Cowen:

We have completed our review of Middlesex Community College's Tuition Retention Program for the period July 1, 1989 to June 30, 1990.

The purpose of our review was to determine whether the methodology and operating procedure relative to Chapter 240 of the Acts of 1989, Tuition Retention, are being executed in accordance with regulation as prescribed by the Commonwealth of Massachusetts Board of Regents of Higher Education.


Our review procedure consisted of the following as they relate to Tuition Retention:

1. Study and evaluate methods used for reporting:
  - a. Receipts and Revenues
  - b. Expenditures
2. Review of records to evaluate their completeness and accuracy in recognizing earned retained revenues.
3. Review the implementation of prior year audit findings.
4. Other tests of the college's compliance with applicable laws and regulations that may have a material affect to tuition retention.

### Conclusion:

Based on our review, Middlesex Community College has implemented a system of recording and reporting tuition retention which conforms with the Board of Regents Regulations. See attached Exhibit I for detailed audit results and comments.

Sincerely,

  
Joseph J. Casarano  
Director, Compliance Unit

cc: G. McPhee  
J. Henderson  
P. Marks  
Board of Regents



EXHIBIT I

MIDDLESEX COMMUNITY COLLEGE

AUDIT RESULTS AND COMMENTS

Field Auditor: James Sampson, S/A, Compliance Unit  
Audit Scope: Fiscal Year 1990 Tuition Retention Dollars  
Exit Conference Date: June 4, 1991  
Exit Conference Attendees: G. Mcphee, R. Dery and J. Sampson

A. Tuition Receipts:

Total tuition retention dollars of \$309,865 was calculated by the college on tuition dollars recorded by the Treasurer of the Commonwealth in Fiscal Year 1990 of \$2,307,965. The net tuition retention credited in Fiscal Year 1990 was \$290,000 after the Fiscal Year audit adjustment of \$19,865 was taken into consideration.

B. Tuition Retention Calculation:

Tuition Retention was calculated using a Percentage based method. The college took 14.49% or \$60 per student (full time equivalent) per semester. For Fiscal Year 1991, the college is using a computer driven specific identification program to calculate tuition retention.

Recommendation:

We recommend that the college monitor their Specific Identification Tuition Retention program to verify the accuracy of the calculation for Fiscal Year 1991.

C. Reporting Requirements:

Our review of the college's requirement to submit spending plans were in compliance with the Board of Regents regulation.

D. Board Approval:

Our review noted that the required Board of Trustees approval was obtained.

E. Prior Audit Findings:

Our review noted that the College appropriately made the adjustment to the tuition retention account to recognize the overstated income of \$19,865, identified in our prior audit review.



# AUDIT REPORT

## ITEM 9

June 4, 1991

Adrian Tinsley, President  
Bridgewater State College  
Bridgewater, MA 02324

Dear President Tinsley:

We have completed our review of Bridgewater State College's Tuition Retention Program for the two year period July 1, 1988 through June 30, 1990.

The purpose of our review was to determine whether the College's methodology and operating procedure relative to Chapter 164 of the Acts of 1988 and Chapter 240 of the Acts of 1989, Tuition Retention, are being executed in accordance with regulations as prescribed by the Commonwealth of Massachusetts Board of Regents of Higher Education.


Our review procedure consisted of the following as they relate to Tuition Retention:

1. Study and evaluation of methods used for tuition receipts.
2. Review of records to evaluate their completeness and accuracy in recognizing earned retained revenues.
3. Other tests of the college's compliance with applicable laws and regulations that may have a material affect on tuition retention.

### Conclusion:

Based upon our review, Bridgewater State College has implemented a system of recording tuition retention which conforms with the Board of Regents Regulations. However, tuition retention was incorrectly computed. See attached Exhibit I for detailed audit results and comments.

Sincerely,

  
Joseph J. Casarano  
Director, Compliance Unit

L. Ricciardi  
J. Chiccarelli  
P. Marks  
J. Sheehan

## EXHIBIT I

### BRIDGEWATER STATE COLLEGE AUDIT RESULTS AND COMMENTS

Field Auditor: Joseph J. Casarano, Director, Compliance Unit  
Audit Scope: Fiscal Years 1989 and 1990 Tuition Retention Dollars  
Exit Conference Date: June 4, 1991 (via telephone)  
Exit Conference Attendees: J. Sheehan; J. Casarano

#### A. Tuition Receipts:

Total tuition and tuition retention dollars calculated and credited by the College was:

<u>YEAR</u>	<u>TUITION</u>	<u>TUITION RETENTION</u>
1989	\$4,266,022	\$374,779
1990	\$4,104,742	\$750,000

#### B. Tuition Retention Calculation:

- o In fiscal year 1989, the college used the percentage method to estimate tuition retention earned. This method applies the appropriate rate of increase to each category of tuition. Our review revealed a \$12,322 understatement of tuition retention earned due to the failure to capitalize on the higher rate applicable to tuition generated from non-residents.
- o In fiscal year 1990, the college switched to the specific identification method to calculate tuition retention. This method calculates tuition retention on an individual student account basis. The tuition retention calculated by the college was \$840,658. Our review revealed a program error in fiscal year 1990 which resulted in the incorrect calculation of tuition retention on students who received Board of Regents need based waivers and Presidential waivers. This program error resulted in an overstatement of tuition retention by \$74,598. The actual tuition retention earned in fiscal year 1990, based upon our review, was \$766,060. The college's tuition retention ceiling was \$750,000.

#### Recommendation:

We recommend that the college record an adjustment to the tuition retention account to recognize the understated income of \$12,322, identified in our review of fiscal year 1989. No adjustment is necessary for the understatement which resulted in fiscal year 1990, since the tuition retention ceiling was capped at \$750,000.

In addition, the tuition retention program must be adjusted to properly reflect tuition retention earned on students receiving Board of Regents need based waivers and Presidential waivers for fiscal year 1991.



# AUDIT REPORT

## ITEM 10

April 30, 1991

Piedad F. Robertson, President  
Bunker Hill Community College  
Rutherford Ave.  
Charlestown, MA 02129

Dear President Robertson:

We have completed our review of Bunker Hill Community College's Tuition Retention Program for the period July 1, 1989 to June 30, 1990.

The purpose of our review was to determine whether the methodology and operating procedure relative to Chapter 240 of the Acts of 1989, Tuition Retention, are being executed in accordance with regulation as prescribed by the Commonwealth of Massachusetts Board of Regents of Higher Education.

Our review procedure consisted of the following as they relate to Tuition Retention:

1. Study and evaluate methods used for reporting:
  - a. Receipts and Revenues
  - b. Expenditures
2. Review of records to evaluate their completeness and accuracy in recognizing earned retained revenues.
3. Review the implementation of prior year audit findings.
4. Other tests of the college's compliance with applicable laws and regulations that may have a material affect on tuition retention.

### Conclusion:

Based on our review, Bunker Hill Community College with the exception of understating tuition retention by \$1,057, maintains a system of recording and reporting tuition retention which conforms with the Board of Regents Regulations. See attached Exhibit I for detailed audit results and comments.

Sincerely,

*Joseph J. Casarano*

Joseph J. Casarano  
Director, Compliance Unit

cc:

I. Jeffgood  
G. Flieschmann  
B. Brandin  
P. Marks  
Board of Regents



EXHIBIT I

BUNKER HILL COMMUNITY COLLEGE

AUDIT RESULTS AND COMMENTS

Field Auditor: James Sampson, S/A, Compliance Unit  
Audit Scope: Fiscal Year 1990 Tuition Retention Dollars  
Exit Conference : via telephone  
Exit Conference Attendees: G. Flieschmann, J. Sampson

A. Tuition Receipts:

Total tuition retention dollars credited by the college in Fiscal Year 1990 was \$314,449 on tuition dollars collected and deposited with the Treasurer of the Commonwealth in Fiscal Year 1990 of \$1,865,365.

B. Tuition Retention Calculation:

The college used a "percentage method" to estimate tuition retention. The estimate was based on a percentage of tuition dollars billed (14.49% for instate and 20.31% for out of state). The alternate method developed by the compliance unit to calculate tuition retention computed the actual tuition retention earned at \$315,506, an understatement of \$1,057.

RECOMMENDATION:

We recommend that the college make an adjustment to the tuition retention account in Fiscal Year 1991, to recognize the understated income of \$1,057 identified in our review.

C. Reporting Requirements:

Our review of the college's reporting requirement noted that procedures were adequate.

D. Board Approval:

Our review noted that the required Board of Trustees approval was obtained.

E. Prior Audit Findings:

The overstatement of tuition retention noted in the Compliance Unit Audit of Fiscal Year 1989 was corrected in Fiscal Year 1990.

AUDIT REPORT

ITEM 11

April 30, 1991

Roger Van Winkle, President  
Massachusetts Bay Community College  
50 Oak St.  
Wellesley MA 02181

Dear President Van Winkle:

We have completed our review of Massachusetts Bay Community College's Tuition Retention Program for the period July 1, 1989 to June 30, 1990.

The purpose of our review was to determine whether the methodology and operating procedure relative to Chapter 240 of the Acts of 1989, Tuition Retention, are being executed in accordance with regulation as prescribed by the Commonwealth of Massachusetts Board of Regents of Higher Education.

Our review procedure consisted of the following as they relate to Tuition Retention:

1. Study and evaluate methods used for reporting:
  - a. Receipts and Revenues
  - b. Expenditures
2. Review of records to evaluate their completeness and accuracy in recognizing earned retained revenues.
3. Review the implementation of prior year audit findings.
4. Other tests of the college's compliance with applicable laws and regulations that may have a material affect on tuition retention.

Conclusion:

Based on our review, Massachusetts Bay Community College maintains a system of recording and reporting tuition retention which conforms with the Board of Regents Regulations. See attached Exhibit I for detailed audit results and comments.

Sincerely,

*Joseph J. Casarano*

Joseph J. Casarano  
Director, Compliance Unit

cc: D, Nadeau  
N. Grossman  
P. Marks  
Board of Regents



EXHIBIT I

MASSACHUSETTS BAY COMMUNITY COLLEGE

AUDIT RESULTS AND COMMENTS

Field Auditor: James Sampson, S/A, Compliance Unit  
Audit Scope: Fiscal Year 1990 Tuition Retention Dollars  
Exit Conference: via telephone  
Exit Conference Attendees: D. Nadeau, J. Sampson

A. Tuition Receipts:

Total tuition retention dollars credited by the college in F/Y 90 was \$275,000 (the maximum allotted retention ceiling) on tuition dollars collected and deposited with the Treasurer of the Commonwealth in F/Y 90 of \$1,946,189.

B. Tuition Retention Calculation:

The college used a computer driven specific identification method to calculate tuition retention. The actual tuition retention earned as computed by the Compliance Unit was \$307,965, an excess of \$32,965 above the allocated ceiling of \$275,000. Tuition Retention Regulations preclude the recognition of tuition retention earned in excess of the authorized ceiling.

C. Reporting Requirements:

Our review of the college's reporting requirement noted that procedures were adequate.

D. Board Approval:

Our review noted that the required Board of Trustees approval was obtained.

E. Prior Audit Findings:

None.



AUDIT REPORT

ITEM 12

April 2, 1991

John R. Dimitry, President  
Northern Essex Community College  
100 Elliot Way  
Haverhill, MA 01830

Dear President Dimitry:

We have completed our review of Northern Essex Community College's Tuition Retention Program for the period July 1, 1989 to June 30, 1990.

The purpose of our review was to determine whether the methodology and operating procedure relative to Chapter 240 of the Acts of 1989, Tuition Retention, are being executed in accordance with regulation as prescribed by the Commonwealth of Massachusetts Board of Regents of Higher Education.

Our review procedure consisted of the following as they relate to Tuition Retention:

1. Study and evaluate methods used for reporting:
  - a. Receipts and Revenues
  - b. Expenditures
2. Review of records to evaluate their completeness and accuracy in recognizing earned retained revenues.
3. Review the implementation of prior year audit findings.
4. Other tests of the college's compliance with applicable laws and regulations that may have a material affect to tuition retention.

Conclusion:

Based on our review, Northern Essex Community College has implemented a system of recording and reporting tuition retention which conforms with the Board of Regents Regulations. However, tuition retention was overstated by \$17,030. See attached Exhibit I for detailed audit results and comments.

Sincerely,

*Joseph J. Casarano*

Joseph J. Casarano  
Director, Compliance Unit

cc: J. Brown  
M. Goudreault  
P. Marks  
Board of Regents

## EXHIBIT I

### NORTHERN ESSEX COMMUNITY COLLEGE

#### AUDIT RESULTS AND COMMENTS

Field Auditor: James Sampson, S/A, Compliance Unit  
Audit Scope: Fiscal Year 1990 Tuition Retention Dollars  
Exit Conference Date: March 15, 1991  
Exit Conference Attendees: J. Dimitry, J. Brown, M. Casey  
and J. Sampson

#### A. Tuition Receipts:

Total tuition retention dollars credited by the college in F/Y 90 was \$355,000 on tuition dollars collected and deposited with the Treasurer of the Commonwealth in F/Y 90 of \$1,879,443.

#### B. Tuition Retention Calculation:

Our review finds that total tuition retention earned should be \$337,970, an overstatement of \$17,030. Tuition Retention was calculated using the Percentage Method. This method utilizes estimates and adjustments to final numbers are anticipated and acceptable. The college took 15.2% of tuition dollars collected and qualifying waivers, while the actual percentage earned based upon final population numbers and tuition dollars collected was 14.9%.

#### Recommendation:

We recommend that the college make an adjustment to the Tuition Retention Account for fiscal year 1991 to recognize the overstated tuition retention income of \$17,030 as identified in our review.

In fiscal year 1991, Northern Essex Community College began testing the reasonableness of the percentage being used by applying the audit methodology developed by the Compliance Unit. This should result in a smaller adjustment in fiscal year 1992, when final numbers are available for review and verification by the Compliance Unit.

#### Auditee's Response:

The College agrees with the results of the review and will make the needed adjustments before the end of Fiscal Year 1991.

#### C. Reporting Requirements:

Our review of the college's requirement to submit spending plans noted that procedures were adequate.

#### D. Board Approval:

Our review noted that the required Board of Trustees approval was obtained.

#### E. Prior Audit Findings:

None



AUDIT REPORT

ITEM 13

March 14, 1991

Clifford Peterson, President  
Quinsigamond Community College  
670 West Boylston St.  
Worcester, MA 01606

Dear President Peterson:

We have completed our review of Quinsigamond Community College's Tuition Retention Program for the period July 1, 1989 to June 30, 1990.

The purpose of our review was to determine whether the methodology and operating procedure relative to Chapter 240 of the Acts of 1989, Tuition Retention, are being executed in accordance with regulation as prescribed by the Commonwealth of Massachusetts Board of Regents of Higher Education.

Our review procedure consisted of the following as they relate to Tuition Retention:

1. Study and evaluate methods used for reporting:
  - a. Receipts and Revenues
  - b. Expenditures
2. Review of records to evaluate their completeness and accuracy in recognizing earned retained revenues.
3. Review the implementation of prior year audit findings.
4. Other tests of the college's compliance with applicable laws and regulations that may have a material affect on tuition retention.

Conclusion:

Based upon our review, Quinsigamond Community College has implemented a system of recording and reporting tuition retention which conforms with the Board of Regents Regulations. See attached Exhibit I for detailed audit results and comments.

Sincerely,

*Joseph J. Casarano*

Joseph J. Casarano  
Director, Compliance Unit

cc: K. Kiernan  
E. Spencer  
R. Bromery  
Board of Regents



EXHIBIT I

QUINSIGAMOND COMMUNITY COLLEGE

AUDIT RESULTS AND COMMENTS

Field Auditor: James Sampson, S/A, Compliance Unit  
Audit Scope: Fiscal Year 1990 Tuition Retention Dollars  
Exit Conference Date: March 14, 1991, VIA telephone  
Exit Conference Attendees: K. Kiernan, J. Sampson

A. Tuition Receipts:

Total tuition retention dollars credited by the college in F/Y 90 was \$210,510 on tuition dollars collected and deposited with the Treasurer of the Commonwealth in F/Y 90 of \$1,381,311.

B. Tuition Retention Calculation:

Tuition Retention was calculated using a specific identification method.

C. Reporting Requirements:

Our review of the college's requirement to submit spending plans to the Board of Regents noted that procedures were adequate in their disclosure and timely in their submission..

D. Board Approval:

Our review noted that the required Board of Trustees approval was obtained.

E. Prior Audit Findings:

Our review noted that the College appropriately made the adjustment to the tuition retention account to recognize the understated income identified in our prior audit review.

AUDIT REPORT

ITEM 14

February 27, 1991

Joseph D. Duffy, President  
University of Massachusetts  
Presidents Office  
250 Stuart St. 12th Floor  
Boston, MA 02116

Dear President Duffy:

We have completed our review of University of Massachusetts' Tuition Retention Program for the period July 1, 1989 to June 30, 1990.

The purpose of our review was to determine whether the University's methodology and operating procedure relative to Chapter 240 of the Acts of 1989, Tuition Retention, are being executed in accordance with regulations as prescribed by the Commonwealth of Massachusetts Board of Regents of Higher Education.

Our review procedure consisted of the following as they relate to Tuition Retention:

1. Study and evaluation of methods used for tuition receipts.
2. Review of records to evaluate their completeness and accuracy in recognizing earned retained revenues.
3. Review the implementation of prior year audit findings.
4. Other tests of the college's compliance with applicable laws and regulations that may have a material affect on tuition retention.

Conclusion:

Based upon our review, University of Massachusetts has implemented a system of recording tuition retention which conforms with the Board of Regents Regulations. However, tuition retention was overstated by \$182,676. See attached Exhibit I for detailed audit results and comments.

Sincerely,

  
Joseph J. Casarano  
Director, Compliance Unit

cc: G. Oakes  
A. Lazare  
S. Penney

R. Bromery  
Board of Regents  
J. Giacomarra

J. McCormack  
P. Page  
D. Wolcott



## EXHIBIT I

### UNIVERSITY OF MASSACHUSETTS AUDIT RESULTS AND COMMENTS

Field Auditor: Joseph J. Casarano, Director, Compliance Unit  
Audit Scope: Fiscal Year 1990 Tuition Retention Dollars  
Exit Conference Date: Via telephone, February 27, 1991  
Exit Conference Attendees: David Wolcott and Joseph Casarano

#### A. Tuition Receipts:

Total tuition retention dollars calculated and credited by the University in F/Y 90 was \$8,245,534 on tuition dollars collected of \$46,893,241. The breakdown by campus is as follows:

	<u>TUITION RETENTION</u>	<u>TUITION COLLECTED</u>
Amherst	\$6,068,208	\$34,041,412
Boston	\$2,040,368	\$11,951,694
Worcester	\$136,958	\$900,135

#### B. Tuition Retention Calculation:

The "specific identification" method is currently used by the University to calculate tuition retention. This method calculates tuition retention on an individual student account basis. We noted a program error for the spring semester at the Amherst campus which resulted in the incorrect taking of tuition retention on students who received waivers, \$193,703. Also, the Boston campus adjustment for the non-resident spring surcharge resulted in an understatement of earned tuition retention of \$11,027.

#### Recommendation:

We recommend that the University make an adjustment to the tuition retention accounts for fiscal year 1991 in the amount of \$182,676:

- o reduce earned retained revenues at the Amherst campus by \$193,703;

- o increase the earned retained revenues at the Boston campus by \$11,027.

In addition, the Amherst campus should prepare monthly tuition retention reports that would reconcile cash received, tuition retention earned, waivers and student accounts receivable.

#### C. Prior Audit Findings:

Our review verified that the University appropriately made the adjustment to the tuition retention account to recognize the overstated income identified in our prior audit review. Also, the mid-year review for fiscal 1991 will include tuition retention funds. The mid-year review is presented to the Board of Trustees and details revenues and expenditures to date with comparison of actual to budgeted figures.



## AUDIT REPORT

### ITEM 15

February 13, 1991

Gerald F. Burke, President  
Massasoit Community College  
One Massasoit Blvd.  
Brockton, MA 02402

Dear President Burke:

We have completed our review of Massasoit Community College's Tuition Retention Program for the period July 1, 1989 to June 30, 1990.

The purpose of our review was to determine whether the methodology and operating procedure relative to Chapter 240 of the Acts of 1989, Tuition Retention, are being executed in accordance with regulation as prescribed by the Commonwealth of Massachusetts Board of Regents of Higher Education.

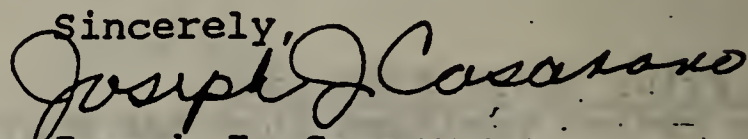
Our review procedure consisted of the following as they relate to Tuition Retention:

1. Study and evaluate methods used for reporting:
  - a. Receipts and Revenues
  - b. Expenditures
2. Review of records to evaluate their completeness and accuracy in recognizing earned retained revenues.
3. Review the implementation of prior year audit findings.
4. Other tests of the college's compliance with applicable laws and regulations that may have a material affect to tuition retention.

#### Conclusion:

Based on our review, Massasoit Community College, with the exception of understating Tuition Retention by \$3,696, has implemented a system of recording and reporting tuition retention which conforms with the Board of Regents Regulations. See attached Exhibit I for detailed audit results and comments.

Sincerely,



Joseph J. Casarano  
Director, Compliance Unit

cc: D. Zekan  
J. Slattery  
R. Bromery  
Board of Regents

## EXHIBIT I

### MASSASOIT COMMUNITY COLLEGE

#### AUDIT RESULTS AND COMMENTS

Field Auditor: James Sampson, S/A, Compliance Unit  
Audit Scope: Fiscal Year 1990 Tuition Retention Dollars  
Exit Conference Date: February 11, 1991: via telephone  
Exit Conference Attendees: D. Zekan and J. Sampson

#### A. Tuition Receipts:

Total tuition retention dollars credited by the college in F/Y 90 was \$315,496 on tuition dollars collected and deposited with the Treasurer of the Commonwealth in F/Y 90 of \$2,115,081.

#### B. Tuition Retention Calculation:

Tuition Retention was calculated using a Percentage based method. The college took only 14.4927% on tuition collected and qualifying waivers. They did not take advantage of the higher rate 20.3187% of retention applicable to Foreign and Non-resident students, thereby understating tuition retention by \$3,696.

The college is currently implementing a computer driven specific identification system to calculate tuition retention.

#### Recommendation:

We recommend that the college make an adjustment to the Tuition Retention Account for fiscal year 1991 to recapture the understated tuition retention income of \$3,696 as identified in our review.

#### C. Reporting Requirements:

Our review of the college's requirement to submit spending plans to the Board of Regents noted that procedures were adequate in their disclosure and timely in their submission.

#### D. Board Approval:

Our review noted that the required Board of Trustees approval was obtained.

#### E. Prior Audit Findings:

Our review noted that the College appropriately made the adjustment to the tuition retention account to recognize the understated income identified in our prior audit review.

Also, Board of Trustee approval was secured as required for the tuition retention budget and spending plan.



AUDIT REPORT

ITEM 16

February 8, 1991

William F. O'Neil, President  
Massachusetts College of Art  
621 Huntington Ave.  
Boston, MA 02115

Dear President O'Neil:

We have completed our review of Massachusetts College of Art's Tuition Retention Program for the period July 1, 1989 to June 30, 1990.

The purpose of our review was to determine whether the methodology and operating procedure relative to Chapter 240 of the Acts of 1989, Tuition Retention, are being executed in accordance with regulation as prescribed by the Commonwealth of Massachusetts Board of Regents of Higher Education.

Our review procedure consisted of the following as they relate to Tuition Retention:

1. Study and evaluate methods used for reporting:
  - a. Receipts and Revenues
  - b. Expenditures
2. Review of records to evaluate their completeness and accuracy in recognizing earned retained revenues.
3. Review the implementation of prior year audit findings.
4. Other tests of the college's compliance with applicable laws and regulations that may have a material affect on tuition retention.

Conclusion:

Based on our review, Massachusetts College of Art maintains a system of recording and reporting tuition retention which conforms with the Board of Regents Regulations. See attached Exhibit I for detailed audit results and comments.

Sincerely,

  
Joseph J. Casarano  
Director, Compliance Unit

cc: M. Spolidoro  
P. McNichols  
R. Bromery  
Board of Regents

## EXHIBIT I

### MASSACHUSETTS COLLEGE OF ART

#### AUDIT RESULTS AND COMMENTS

Field Auditor: James Sampson, S/A, Compliance Unit  
Audit Scope: Fiscal Year 1990 Tuition Retention Dollars  
Exit Conference Date: February 7, 1991 : via telephone  
Exit Conference Attendees: M. Spolidoro, D. Arpino, J. Sampson

#### A. Tuition Receipts:

Total tuition retention dollars credited by the college in F/Y 90 was \$200,000 on tuition dollars collected and deposited with the Treasurer of the Commonwealth in F/Y 90 of \$1,246,350.

#### B. Tuition Retention Calculation:

The college used a computer driven specific identification method to calculate tuition retention. This method identifies each student by account and amount then captures the appropriate amount of retention. The system adequately identified increases relative to Regional Student Programs and Non-resident spring semester students. Our review also noted the implementation of a computerized accounts receivable file for F/Y 1990.

#### C. Reporting Requirements:

Our review of the college's reporting requirement noted that procedures were adequate in their disclosure and timely in their submission.

#### D. Board Approval:

Our review noted that the required Board of Trustees approval was obtained.

#### E. Prior Audit Findings:

Our review noted that the prior year's find has been addressed as exemplified by the implementation of an automated accounts receivable system.



AUDIT REPORT

ITEM 17

May 28, 1991

William T. Hogan, President  
University of Lowell  
One University Ave.  
Lowell, MA 01854

Dear President Hogan:

We have completed our review of University of Lowell's Tuition Retention Program for the period July 1, 1989 to June 30, 1990.

The purpose of our review was to determine whether the University's methodology and operating procedure relative to Chapter 240 of the Acts of 1989, Tuition Retention, are being executed in accordance with regulations as prescribed by the Commonwealth of Massachusetts Board of Regents of Higher Education.

Our review procedure consisted of the following as they relate to Tuition Retention:

1. Study and evaluation of methods used for reporting:
  - a. Receipts and Revenues
  - b. Expenditures
2. Review of records to evaluate their completeness and accuracy in recognizing earned retained revenue.
3. Other tests of the University's compliance with applicable laws and regulations that may have a material affect on tuition retention.

Conclusion:

Based upon our review, University of Lowell has implemented a system of reporting and recording tuition retention which conforms with the Board of Regents Regulations. See attached Exhibit I for detailed audit results and comments.

Sincerely,

*Joseph J. Casarano*  
Joseph J. Casarano  
Director, Compliance Unit

cc: S. Goodwin  
A. Solomont  
P. Marks  
Board of Regents

EXHIBIT I

UNIVERSITY OF LOWELL  
AUDIT RESULTS AND COMMENTS

Field Auditor: James A. Sampson, S/A Compliance Unit  
Audit Scope: Fiscal Year 1990 Tuition Retention Dollars  
Exit Conference Date: May 28, 1991 via telephone  
Exit Conference Attendees: S. Goodwin and J. Sampson

A. Tuition Receipts:

Total tuition retention dollars of \$2,025,895, was calculated by the University in Fiscal Year 1990 on tuition dollars collected of \$12,766,813. The net tuition retention credited in Fiscal Year 1990 was \$1,915,440 after the Fiscal Year 1989 audit adjustment of \$110,445 was taken into consideration.

B. Tuition Retention Calculation:

The "specific identification" method is currently used by the University to calculate tuition retention. This method calculates tuition retention on an individual student account basis. Based upon our review, tuition retention of \$1,915,440 taken in Fiscal Year 1990 appears reasonable.

C. Reporting Requirements:

Our review of the University's reporting requirement noted that procedures were adequate.

D. Board Approval:

During our review, we noted that Board of Trustees approval was obtained.

E. Prior Audit Findings:

The overstatement of tuition retention noted in the Compliance Unit's Fiscal Year 1989 Audit was corrected in Fiscal Year 1990.



THE UNIVERSITY OF CHICAGO  
DEPARTMENT OF CHEMISTRY  
RESEARCH REPORT

REPORT OF THE RESEARCH GROUP OF  
PROFESSOR J. H. HARRIS  
ON THE CHEMISTRY OF THE  
HYDROLYSIS OF ESTERS

BY  
J. H. HARRIS

RESEARCH REPORT NO. 1  
ON THE CHEMISTRY OF THE  
HYDROLYSIS OF ESTERS  
IN AQUEOUS SOLUTION

THE UNIVERSITY OF CHICAGO  
DEPARTMENT OF CHEMISTRY  
RESEARCH REPORT  
ON THE CHEMISTRY OF THE  
HYDROLYSIS OF ESTERS

RESEARCH REPORT NO. 2  
ON THE CHEMISTRY OF THE  
HYDROLYSIS OF ESTERS  
IN AQUEOUS SOLUTION

RESEARCH REPORT NO. 3  
ON THE CHEMISTRY OF THE  
HYDROLYSIS OF ESTERS  
IN AQUEOUS SOLUTION

RESEARCH REPORT NO. 4  
ON THE CHEMISTRY OF THE  
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IN AQUEOUS SOLUTION

RESEARCH REPORT NO. 5  
ON THE CHEMISTRY OF THE  
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RESEARCH REPORT NO. 6  
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RESEARCH REPORT NO. 7  
ON THE CHEMISTRY OF THE  
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RESEARCH REPORT NO. 8  
ON THE CHEMISTRY OF THE  
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